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INDIA: The late onset and abrupt cessation of monsoon rains have reduced prospects for the fall grain crop.

As a result of a dry spring without the usual seasonal showers and only two weeks of monsoon rain-fall, drought conditions now face a major part of India. At the same time, however, severe floods in northeastern India, especially Assam, have destroyed crops.

Some of the less important early crops have already failed, reducing the amount of food available. Fall crops are drying up in the fields, while others have not even been planted. Food prices rose sharply in June, and were 11 percent higher than a year ago.

The foodgrain crop for the year that ended 30 June 1972 may have been as low as 106 million tons, somewhat short of the anticipated 110-112 million tons. As a result of current difficulties, hopes for a harvest of 118 million tons in the year ending next June have been dashed. Rain within the next two weeks, however, could prevent a serious crop failure.

The government is attempting to maintain public calm by stressing that its eight-million-ton foodgrain reserve is adequate and available for emergency use. It is too early to determine whether India will need to import foodgrains. New Delhi, state governments, and voluntary relief agencies already are undertaking relief measures to provide food and water to drought areas and work for unemployed farm laborers. [redacted]

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GUYANA: Yesterday's mass cabinet resignation is designed to permit the removal of controversial cabinet ministers without creating dissension within the party ranks.

Prime Minister Burnham will probably name more technocrats to cabinet posts and expand the heretofore negligible East Indian participation in his government. Agreement apparently was reached some time ago that the cabinet would resign as a body in order to give Burnham a free hand to reconstitute it in whatever manner he considered necessary to meet the needs of the republic. This would enable Burnham to remove the more outspoken ministers without having to fire them.

Burnham has become very sensitive to criticism of his policies, both from within the government and from opposition elements. A few radical and militant ministers have accused Burnham of moving too slowly and cautiously in implementing government policy. These outspoken critics have embarrassed both Burnham and the government and threatened to undermine government authority. Recently Burnham broke a long-standing relationship with Eusi Kwayana, leader of the local black power organization, because Kwayana criticized government policies and corruption.

The new cabinet probably will be stronger, technically more able, and more responsive to Burnham's direction.

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ISRAEL: Recent pronouncements by Moshe Dayan on key political issues mark an effort by the defense minister to improve his popular image.

At a meeting on 29 July of a Labor Party committee, Dayan raised the question of the status of Arab laborers from the occupied territories and called on the party to reach a decision now on how Israel should deal with the territories. The following day, Dayan, while admitting the need for the current coalition of the Labor Party and the National Religious Party, called on the party central committee to change its policy on the relationship of state and religion in Israel. Dayan supports the relaxation of the control of the Rabbinate over matters of personal status.

Dayan's latest and somewhat ambiguous approach to the territories question is a departure from his previous public position on this issue. He had earlier supported the economic integration of the territories into Israel and, as a consequence, became involved in a clash with party strongman Pinhas Sapir. Sapir, fearful of diluting the Jewish majority, has opposed the incorporation of any Arabs into the population of Israel, except for those living in areas whose retention is dictated by security reasons. In his latest statement, the defense minister has called on the government to act, but has avoided saying what government policy on the territories should be.

Dayan's participation in party debates is unusual. His statements, together with his efforts to expand his political base in the party, appear to be an effort to obtain a broader leadership role in the party. [redacted]

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USSR-SOMALIA: Moscow apparently is trying to revive its stagnating aid program in Somalia by implementing previously agreed upon projects.

Under a recent agreement, the USSR will expand its assistance to Somalia's fishing industry by constructing repair and refrigeration facilities for use by Soviet and Somali ships engaged in joint fishing operations in the Indian Ocean and by establishing a training center for fisheries personnel. Contracts also have been signed to initiate planning work on the Fanole dam and 20,000-acre irrigation project, for which the Soviets last November extended \$18 million in credits. In addition, Soviet technicians are to assist in the exploration of quartz deposits in northwestern Somalia.

Soviet economic aid to Somalia since the mid-1960s has been limited largely to improving operations in plants built with Soviet credits extended in June 1961. No new projects were initiated and no new project aid was extended until February 1971 when \$6 million was made available for additional construction on projects begun under earlier credits.

Moscow late last year agreed to provide Somalia with additional arms, bringing its total military aid since 1963 to \$50 million. [redacted]

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[redacted] Although the Somalis continue to press for more sophisticated weapons such as MIG-21s, the Soviets have not acceded to these requests and Somali dissatisfaction over this refusal continues to increase. [redacted]

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IAEA-EURATOM: A draft agreement on the safeguards required by the Nuclear Nonproliferation Treaty (NPT) was completed in Vienna last week. The long debate over the proper relationship between IAEA safeguards and EURATOM's own regional safeguards system was ended by a compromise limiting the role of IAEA inspectors. The draft has now been sent to EURATOM's five nonnuclear-weapons members and is likely to be formally approved by the Council of Ministers of the European Community in late September. Ratification of the NPT by the five would probably follow shortly thereafter. Although France, the sixth EURATOM member, will not sign the NPT, it could obstruct council approval of the safeguards agreement. The EC Commission, however, believes that France will merely make a number of minor objections to the agreement, perhaps paving the way for French abstention from Council action.

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CHINA: The large leadership turnout at the Army Day reception in Peking underscores the image of unity projected by the joint editorial of 1 August, but no new top-level government or military appointments were revealed. Highlighting the long list of attendees, which included all active Peking-based politburo members except Mao, was the first identification in several years of former economic planning specialist Chen Yun as vice-premier. The moderate Chen, who has twice recovered from political reverses, was originally downgraded for his opposition to the Great Leap Forward and, during the Cultural Revolution, was trucked through the streets of Peking in a dunce cap. Numerous foreign visitors were present at the reception and prominently publicized--except for the Soviet border talks delegation, which was pointedly put last on the list.

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BURMA: The Burmese Government reportedly has placed all ex-political leaders and former high-ranking army officers under strict surveillance following the defection last month of former defense minister Bo Hmu Aung to the U Nu resistance forces in Thailand. Bo Hmu Aung, who was under the "protective custody" of the Ne Win government from 1963 to 1968, is the most prominent figure to have joined the U Nu movement since it was established in 1969. He was joined in his flight by at least two others, a well-known author and a member of the Rangoon municipal council. U Nu's three-year-old resistance force has demonstrated only a minor military capability in the Thai border region, but U Nu himself remains popular and, to some extent, a rallying figure among the Burmese people. The government's reaction to Aung's defection indicates its determination to prevent the movement from developing increased support within Burma.

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